

One Hundred Third Congress
of the
United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday,
the fifth day of January, one thousand nine hundred and ninety-three*

An Act

To reduce the subsidy cost for the Guaranteed Business Loan Program of the
Small Business Administration, and for other purposes.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Small Business
Guaranteed Credit Enhancement Act of 1993”.

(b) TABLE OF CONTENTS.—The table of contents for this Act
is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. General authorizations.
- Sec. 3. Authority to impose secondary market fees.
- Sec. 4. Penalties.
- Sec. 5. Authority to reduce loan guarantee percentages.
- Sec. 6. Study and report.
- Sec. 7. Repealer.
- Sec. 8. Microloan program amendments.
- Sec. 9. Small Business Development Center Program.
- Sec. 10. White House Conference on Small Business.
- Sec. 11. National Women’s Business Council.

SEC. 2. GENERAL AUTHORIZATIONS.

Section 20 of the Small Business Act (15 U.S.C. 631 note)
is amended—

(1) in subsection (g)(2) by striking “\$7,030,000,000” and
by inserting in lieu thereof “\$7,155,000,000”;

(2) in subsection (g)(2) by striking “\$775,000,000” and by
inserting in lieu thereof “\$900,000,000”;

(3) in subsection (i)(2) by striking “\$8,083,000,000” and
by inserting in lieu thereof “\$8,458,000,000”; and

(4) in subsection (i)(2) by striking “\$825,000,000” and by
inserting in lieu thereof “\$1,200,000,000”.

SEC. 3. AUTHORITY TO IMPOSE SECONDARY MARKET FEES.

(a) ADDITIONAL GUARANTEE FEES.—Section 5(g) of the Small
Business Act (15 U.S.C. 634) is amended by striking paragraph
(4) and by inserting in lieu thereof the following:

“(4)(A) The Administration may collect the following fees
for loan guarantees sold into the secondary market pursuant
to the provisions of subsection (f): an amount equal to (A)

not more than $\frac{4}{10}$ of one percent per year of the outstanding principal amount of the portion of such loan guaranteed by the Administration, and (B) not more than 50 percent of the portion of the sale price which is in excess of 110 percent of the outstanding principal amount of the portion of such loan guaranteed by the Administration. Any such fees imposed by the Administration shall be collected by the Administration or by the agent which carries out on behalf of the Administration the central registration functions required by subsection (h) of this section and shall be paid to the Administration and used solely to reduce the subsidy on loans guaranteed under section 7(a) of this Act: *Provided*, That such fees shall not be charged to the borrower whose loan is guaranteed; and, *Provided further*, That nothing herein shall preclude any agent of the Administration from collecting a fee approved by the Administration for the functions described in subsection (h)(2).

“(B) The Administration is authorized to impose and collect, either directly or through a fiscal and transfer agent, a reasonable penalty on late payments of the fee authorized under subparagraph (A) in an amount not to exceed 5 percent of such fee per month plus interest.”.

(b) Any new fees imposed by the Administration pursuant to the authority conferred by subsection (a) shall be applicable only to loans initially sold in the secondary market pursuant to the provisions of section 5(f) of the Small Business Act after August 31, 1993.

SEC. 4. PENALTIES.

Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following new paragraph:

“(22) The Administration is authorized to permit participating lenders to impose and collect a reasonable penalty fee on late payments of loans guaranteed under this subsection in an amount not to exceed 5 percent of the monthly loan payment per month plus interest.”.

SEC. 5. AUTHORITY TO REDUCE LOAN GUARANTEE PERCENTAGES.

(a) GUARANTEE PERCENTAGES.—Section 7(a)(2) of the Small Business Act (15 U.S.C. 636) is amended—

(1) by striking from the end of clause (B)(i) the word “and” and by redesignating clause (B)(ii) as (B)(iv) and by inserting the following after clause (B)(i):

“(ii) not less than 75 percent of the financing outstanding at the time of disbursement, if such financing is more than \$155,000 and the period of maturity of such financing is more than 10 years, except that the participation by the Administration may be reduced below 75 percent upon request of the participating lender;

“(iii) not less than 85 percent of the financing outstanding at the time of disbursement, if such financing is more than \$155,000 and the period of maturity of such financing is 10 years or less, except that the participation by the Administration may be reduced below 85 percent upon request of the participating lender; and”;

(2) by striking the words “85 percent under subparagraph (B)” and by inserting in lieu thereof the following: “the above specified percentums”;

(3) by striking from paragraph (B) the words “not less than 80 percent, except upon” and by inserting in lieu thereof the following: “not less than 70 percent, unless a lesser percent is required by clause (B)(ii) or upon the”; and

(4) by inserting after the third sentence the following: “The maximum interest rate for a loan guaranteed under the Preferred Lenders Program shall not exceed the maximum interest rate, as determined by the Administration, which is made applicable to other loan guarantees under section 7(a).”.

(b) APPLICATION.—Notwithstanding any other provision of law, the amendments made by subsection (a) shall be effective September 1, 1993, but shall not be applicable to loan guarantee applications received by the Administration prior to August 21, 1993. In order to determine the percent of the loan to be guaranteed pursuant to the amendments made by subsection (a), the Administration shall aggregate the outstanding guaranteed principal of multiple loan guarantees issued on behalf of the same borrower.

SEC. 6. STUDY AND REPORT.

The Administration shall study, monitor and evaluate the impact of the amendments made by sections 3 and 5 of this Act on the ability of small business concerns and small business concerns owned and controlled by minorities and women, to obtain financing and the impact of such sections on the effectiveness, viability and growth of the secondary market authorized by section 5(f) of the Small Business Act. Not later than 16 months after the date of enactment, and annually thereafter, the Administration shall submit to the Committees on Small Business of the Senate and the House of Representatives a report containing the Administration's findings and recommendations on such impact, specifically including changes in the interest rates on financings provided to small business concerns and small business concerns owned and controlled by minorities and women, through the use of the secondary market. The Administration shall segregate such findings and recommendations in the study according to the ethnic and gender components in these categories. Solely for the purposes of the study authorized herein, the term “small business concerns owned and controlled by minorities”, includes businesses owned and controlled by individuals belonging to one of the designated groups listed in section 8(d)(3)(C) of the Small Business Act.

SEC. 7. REPEALER.

Sections 3 and 5 of this Act are hereby repealed on September 30, 1996.

SEC. 8. MICROLOAN PROGRAM AMENDMENTS.

Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) in paragraph (1)(B)(iii), by striking “\$15,000” and inserting “\$25,000”;

(2) in paragraph (5)(A), by striking “6 grants” and inserting “25 grants for terms of up to 5 years”; and

(3) in paragraph (9)(B) by striking “3 percent” and inserting “7 percent”.

SEC. 9. SMALL BUSINESS DEVELOPMENT CENTER PROGRAM.

(a) **CLEARINGHOUSE.**—Section 21(c)(7) of the Small Business Act (15 U.S.C. 648) is amended by striking “system which will” and by inserting in lieu thereof the following: “system. Subject to amounts approved in advance in appropriations Acts, the Administration may make grants or enter cooperative agreements with one or more centers to carry out the provisions of this paragraph. Said grants or cooperative agreements shall be awarded for periods of no more than five years duration. The matching funds provisions of subsection (a) shall not be applicable to grants or cooperative agreements under this paragraph. The system shall”.

(b) **AUTHORIZATION.**—Section 25(i) of the Small Business Act (15 U.S.C. 652) is amended by striking “\$8,000,000 for fiscal year 1993” and by inserting in lieu thereof “\$2,000,000 for each of fiscal years 1993 and 1994”.

(c) **REGULATIONS.**—Section 223 of the Small Business Credit and Business Opportunity Enhancement Act of 1992 (15 U.S.C. 631 note) is amended by striking the last sentence of subsection (b).

SEC. 10. WHITE HOUSE CONFERENCE ON SMALL BUSINESS.

The White House Conference on Small Business Authorization Act (15 U.S.C. 631 note) is amended—

(1) in section 2 by striking from subsection (a) “not earlier than January 1, 1994, and not later than April 1, 1994” and by inserting in lieu thereof “not earlier than May 1, 1995, and not later than September 30, 1995”;

(2) in section 2 by striking from subsection (a) “December 1, 1992” and by inserting in lieu thereof “March 1, 1994”; and

(3) in section 5 by striking the second sentence of subsection (a) and by inserting in lieu thereof the following: “Subsequent to the date of enactment of this Act, but not later than 30 days after the date of enactment of this Act, the President shall select and appoint eleven individuals to the Commission.”.

SEC. 11. NATIONAL WOMEN’S BUSINESS COUNCIL.

Section 407 of the Women’s Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended to read as follows:

“SEC. 407. AUTHORIZATION.

“(a) **IN GENERAL.**—There are authorized to be appropriated to carry out this title—

“(1) \$500,000 for fiscal year 1993; and

“(2) \$500,000 for fiscal year 1994.

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“(b) LIMITATION ON AUTHORITY.—New spending authority or authority to enter into contracts as authorized in this Act shall be effective only to such extent and in such amounts as are provided in advance in appropriation Acts.

“(c) SUNSET.—This section shall cease to be effective on November 30, 1995.”.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*